

BY E-MAIL

September 3, 2026

Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ritchie Murray:

**Re: Lakefront Utilities Inc. (Lakefront Utilities)
2027 Cost of Service Rate Application
Ontario Energy Board (OEB) File Number: EB-2026-0054**

In accordance with Procedural Order No. 1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

Lakefront Utilities Inc.'s responses to interrogatories are due by September 17, 2026.

Any questions relating to this letter should be directed to Andrew Frank at andrew.frank@oeb.ca or at 416-440-8105. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Andrew
Frank

Digitally signed by
Andrew Frank
Date: 2026.09.03
15:03:04 -04'00'

Andrew Frank
Senior Advisor, Distribution Rates & Economics

Attach.

OEB Staff Interrogatories
2027 Electricity Distribution Rates Application
Lakefront Utilities Inc. (Lakefront Utilities)
EB-2026-0054
September 3, 2026

Please note, Lakefront Utilities is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Exhibit 1 – Administration
Application Updates
1-Staff-1

Updated Revenue Requirement Work Form (RRWF) and Models

Upon completing all interrogatories from Ontario Energy Board (OEB) staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet and may also be included on other sheets in the RRWF to assist understanding of changes.

In addition, please file an updated set of models that reflects the interrogatory responses. Please ensure the models used are the latest available models on the OEB's 2022 Electricity Distributor Rate Applications webpage.

1-Staff-2
Conditions of Service
Ref. 1: [Lakefront Utilities Inc. Conditions of Service](#)

Question(s):

- a) When does Lakefront Utilities plan to next revise its Conditions of Service, currently dated 2021?

1-Staff-3**Customer e-Billing****Ref 1: Exhibit 1, p.44****Ref 2: Exhibit 4, p. 15, 38**

Lakefront Utilities states that it upgraded its customer portal in 2025 to a newer version. Customer Billing has increased from \$550,197 in 2022 to \$756,131 in 2027, and Lakefront Utilities plans to hire a Customer Service Representative in 2027

Question(s):

- a) Please provide the latest percentage of customers that receive their billing through e-billing each year since 2024, including currently in 2026, and forecast for 2027.

1-Staff-4**Activity Performance-Based Benchmarking (APB)****Ref. 1: Exhibit 1, pp. 52 – 53, Tables 16 and 17****Question(s):**

- a) Lakefront Utilities has the Highest metering costs in terms of OM&A and CAPEX compared to its peers. Please explain any drivers for this difference, and any measures Lakefront Utilities might be taking to reduce metering costs.
- b) The Line Transformers CAPEX per transformer is the highest among the peer group. Please explain any drivers for this, and any measures Lakefront Utilities might be taking to reduce costs.

1-Staff-5**Accounting Standard****Ref. 1: 2027 Chapter 2 Appendices****Ref. 2: Exhibit 1, p. 62**

In Reference 2, Lakefront Utilities states that,

... LUI confirms it implemented the regulatory accounting changes for depreciation and overhead capitalization in 2015. The 2027 Cost of Service Application has been filed on an MIFRS accounting basis.

However, OEB staff notes that accounting standard is stated as CGAAP for the fixed asset continuity schedule of 2022 to 2027 in Tab 2BA.

Question(s):

- a) Please clarify why the accounting standard is stated as CGAAP in Tab 2BA of Reference 1. Please update the evidence as applicable.

Exhibit 2 – Rate Base

2-Staff-6

Incremental Capital Module

Ref. 1: EB-2024-0038 Decision and Order, March 27, 2025 / p. 4

Ref. 2: Exhibit 2 / pp. 25-26

Question(s):

- a) In proceeding EB-2024-0038 Lakefront Utilities requested an incremental capital module for the MS28-3 distribution station which was placed in service in December 2023 at a cost of \$2,535,311. In this proceeding Lakefront Utilities has stated there was an additional capital cost of \$61,772 for the MS28-3 project placed in service in 2024. A USoA breakdown of the expenses were included in reference 2, Table 20 – Assets added to Rate Base.
 - a. Please describe the project that resulted in the additional expenditures in 2024 (rather than list the asset classes).
 - b. Please explain/describe the capital additions for line transformers in both 2023 and 2024.

2-Staff-7

Reliability Metrics

Ref. 1: Distribution System Plan / p. 27 / Table 5.2-9

Question(s):

- a) Please identify the equipment responsible for interruptions under cause code 5, defective equipment

2-Staff-8

Asset Condition Assessment

Ref. 1: Distribution System Plan / Appendix I – LUI Asset Condition Assessment / 4.1.5 Underground Primary Cables

Question(s):

- a) Please provide the number of primary cable faults per year, for the past 5 years.

2-Staff-9

Asset Condition Assessment

Ref. 1: Distribution System Plan / Appendix I – LUI Asset Condition Assessment /

4.2.1 Power Transformers

Ref. 1: Distribution System Plan / Appendix I – LUI Asset Condition Assessment /

4.2.3 Circuit Breakers

Ref. 1: Distribution System Plan / Appendix I – LUI Asset Condition Assessment /

4.2.6 Station Switchgear

Question(s):

- a. Lakefront Utilities has a total of five power transformers. Please provide the age and the known degradation factors for the power transformer with the “unknown” health index.
- b. Lakefront Utilities has a total of 11 circuit breakers. Please provide age and the known degradation factors for the three circuit breakers with the “unknown” health index.
- c. Lakefront Utilities has a total of 3 switchgears. Please provide the age and the known degradation factors for the switchgear with the “unknown” health index.

2-Staff-10

Asset Condition Assessment

Ref. 1: Distribution System Plan / Appendix I – LUI Asset Condition Assessment /

4.1.1 Wood Poles

Ref. 2: Distribution System Plan / Appendix I – LUI Asset Condition Assessment /

5.1.1 Wood Poles

Lakefront Utilities refers to pole inspections and pole testing in its application. The Wood Pole H1 Algorithm in the ACA includes degradation factors for overall condition and pole rot.

Question(s):

- a) How is “wood rot” determined for wood poles when Lakefront Utilities uses data from visual inspections?
- b) Could an aged pole in otherwise good condition be given a health index that falls within the “fair” rating?

2-Staff-11

Distribution Transformer Replacement

Ref. 1: Filing Requirements Chapter 2 Appendices / Tab 2-AA

Question(s):

- a. How many 3-phase pad-mounted transformers are planned to be replaced per year in the forecast period?
- b. How many 1-phase pad-mounted transformers are planned to be replaced per year in the forecast period?
- c. How many poles were replaced per year under the “pole replacement” program in the historic and bridge period?
- d. How many poles are planned to be replaced per year in under the “pole replacement” program the forecast period?
- e. How many poles with health index of poor and very poor are planned to be replaced over the forecast period, under programs other than “pole replacement” (e.g. OH rebuilds and voltage conversion)?

2-Staff-12

Alignment with OEB Non-Wires Solution Policy

Ref. 1: Exhibit 2, Distribution System Plan

The OEB’s [Non-Wires Solutions Guidelines for Electricity Distributors](#) and [Benefit-Cost Analysis Framework for Addressing Electricity System Needs](#) state that distributors are expected to consider non-wires solutions (NWSs) as part of their distribution system planning process. The Guidelines further indicate that distributors should undertake a preliminary assessment to determine whether there is a reasonable expectation that an NWS could be a viable option for addressing an identified system need.

In its Distribution System Plan, Lakefront Utilities states that it considers NWSs in its distribution planning activities and notes that NWSs are not applicable.

Question(s):

- a) Please describe Lakefront Utilities' process for identifying, screening, and evaluating NWSs as part of its distribution system planning activities.
- b) Please provide any policies, procedures, frameworks, criteria, or other documentation used to assess the applicability and viability of NWSs.
- c) If Lakefront Utilities does not have a formal NWS-specific planning framework, please explain the controls and processes in place to ensure that NWSs are consistently and systematically considered in accordance with the OEB's Non-Wires Solutions Guidelines for Electricity Distributors.

2-Staff-13

Alignment with OEB Non-Wires Solution Policy

Ref. 1: Exhibit 2, Distribution System Plan / Appendix L

Lakefront Utilities states that the proposed Advanced Metering Infrastructure 2.0 (AMI 2.0) investment will provide communications and data infrastructure to support the integration of distributed energy resources (DERs), net metering, electric vehicle (EV) charging, and other emerging load types expected to grow on Lakefront Utilities system over the planning period.

Question(s):

- a) Please explain how the proposed AMI 2.0 investment would support the integration and management of DERs, net-metered customers, EV charging infrastructure, and other emerging load types on Lakefront Utilities distribution system.
- b) Does Lakefront Utilities expect the integration and management of DERs, net-metered customers, EV charging infrastructure, and other emerging load types supported by investment in AMI 2.0, or the investment in AMI 2.0 itself, to create opportunities to cost-effectively address distribution system needs using NWSs
- c) Are any specific demand response, DER integration, EV management, grid modernization, or other future NWS deployments expected to rely on the proposed AMI 2.0 infrastructure? If so, please describe each initiative and provide any available information or estimates related to expected timing, costs, and benefits. If not, please indicate when Lakefront Utilities expects any NWS-related benefits associated with investment in AMI 2.0 to be realized.

Exhibit 3 – Operating Revenue

3-Staff-14

Customer Connections

Ref. 1: Load Forecast Model / Tab Monthly Load & Customer Input sheet

From 2016 to 2020, General Service > 50 kW customer counts have fallen from 126 to 108. Since then, they have increased slightly into the 111 to 112 range from 2022 to 2025. Connections are then forecast to start decreasing again by two per year, reaching 108 in 2027.

Residential customer connections have exhibited a 2.86% increase in 2024 relative to 2023, and a 2.07% increase in 2025 relative to 2024.

The number of streetlight connections have remained constant at 3,082 from 2017 to 2025 while residential customers have increased from 9,043 to 10,168 in the same period.

Question(s):

- a) Please explain why GS > 50 customers are expected decrease in 2026 and 2027 at a rate unseen since 2020?
- b) Please provide details on all new subdivision residential customers energized in 2023-2025, and forecast to be energized for 2026 and 2027.
- c) Please explain how streetlight connections have remained constant for nine historic years, and why they are forecasted to start increasing in 2026 and 2027.
- d) Please provide the number of customers in each rate class for all months available in 2026

3-Staff-15

Energy Forecast

Ref. 1: Load Forecast Model / Tabs Adjustments and Var, Weather Sensitive Forecast

Ref. 2: Exhibit 3, p. 4

OEB staff observes that Unadjusted Wholesale purchases are adjusted to subtract load related to Weetabix to arrive at a Revised Wholesale purchases. This Revised Wholesale Purchases is then used as input to the regression model. OEB staff notes that this is likely due to the ultimate loss of this customer.

There do not appear to be any adjustments to the historic load of the GS > 50 to 4,999 rate class to account for the loss of the customer. Indeed, the total reported 2024 load of the Residential class (80.6 GWh), GS < 50 kW class (35.5 GWh), GS > 50 to 4,999 kW class (118.4 GWh), USL class (0.6 GWh) and Street Light class (1.1 GWh) total 236.3 GWh, which is greater than the adjusted wholesale for the same year of 200.8 GWh.

Question(s):

- a) Please confirm OEB staff's explanation or confirm.
- b) Please provide any reasons for not removing the Weetabix load from the GS > 50 to 4,999 kW rate class.
- c) As a scenario, please provide a forecast for the GS > 50 to 4,999 kW rate class where Weetabix is removed from the historic energy, and historic demand.

3-Staff-16

Energy Forecast

Ref. 1: Load Forecast Model / Tabs Adjustments and Var, Weather Sensitive Forecast

The only adjustment to wholesale purchases was to subtract load related to Weetabix.

Question(s):

- a) Does Lakefront Utilities have any connections with embedded generation, either through FIT or MicroFIT? If so, please provide historical monthly volumes, and explain why wholesale was not adjusted for these.

3-Staff-17

Energy Forecast

Ref. 2: Exhibit 3, pp. 12-17

From 2016 to 2025, the load forecast exhibited significant customer growth, and with the exception of Weetabix, significant load growth. In its regression models, Lakefront Utilities did not include any economic variables, nor any simple time trend variables. In fact, the only variable that would capture a trend of growth over time, was the customer connection variable.

Question(s):

- a) Did Lakefront Utilities attempt other economic or trending variables to capture the growth trend, and if so, what was the result?

Exhibit 4 – Operating Costs

4-Staff-18

Customer Focus

Ref 1: Exhibit 4, pp. 19, 57

The Customer Billing expense is increased from 236,478 in 2025 to 255,736 in 2026 (19,258 increase) and then to 312,832 in 2027 (57,095 increase). This is attributed to July 1 compensation adjustments and to a new FTE for billing and collection.

Question(s):

- a) When does / did the new billing and collection position commence?
- b) Is the new billing and collecting position currently filled?

- c) Did Lakefront Utilities look for opportunities to introduce a part-time resource?
- d) Does Lakefront Utilities have opportunities for a new or existing billing and collecting resource to take on multiple functions?

4-Staff-19

OM&A Variance

Ref 1: Exhibit 4, pp. 41, 46-57

The Miscellaneous Distribution expense increased from \$3k in 2023 to 456k in 2027. Lakefront Utilities attributes this, in part to SCADA support having been transferred from account 5630 which resulted in a \$91k increase in 2025 over 2024, and in 2026, the recruitment of a GIS/SCADA/Engineering Design resource, a Purchasing and Inventory Analyst, and a recruitment Metering Support resource.

Question(s):

- a) Are each of the positions currently filled?
- b) Do the new resources replace the SCADA consulting expense from 2025? If so, does that mean it's incrementally \$189k more expensive to do the work in-house in 2026? Please explain.

4-Staff-20

OM&A Variance

Ref 1: Exhibit 4, pp. 23, 46-57

The Outside services budget was 232k in 2022 and increased by 326k in 2023. This was attributed to consultants supporting a vacancy in the Director of Engineering, and director of Finance and Regulatory, as well as consultation costs related to exploration of consolidation activities. In 2025, an additional \$299k was required, attributed Finance and Regulatory consultants, and to Cyber Security costs of \$55k.

In 2025, \$345k was spent on outside services, which remains \$123k higher than the level from 2022. In 2025, 91k of SCADA expenses had been transferred to Miscellaneous Distribution expenses, which would have had a downward pressure on Outside Services expenditure.

Question(s):

- a) Please provide a comparison of 2025 expenditure on Outside Services to 2022, including the impact that the removal of SCADA expenses would have had.

4-Staff-21

Employee Costs

Ref 1: Exhibit 4, pp. 69

Lakefront Utilities was approved for 3 Management FTEs in 2022. 2022 Actual reflected 4.83 FTEs. In 2027, there are forecast to be 6.06 FTEs.

The incremental FTE increase from 2022 to 2027 actuals is 1.23, while the incremental wages over the same period is \$479k or 93%.

Question(s):

- a) Please provide details which management positions were included in the 2022 Approved and in the 2022 Actual, as compared to the 2027 Proposed.
- b) Are management performing functions that were previously performed by non-management staff?
- c) Please describe any benchmarking undertaken of compensation levels with peer distributors, along with any results.
- d) What commensurate value are customers receiving for the increase in staffing and compensation levels?

4-Staff-22

Procurement

Ref. 1: Exhibit 4, pp. 64-67

Question(s):

- a) On a dollar basis, what percentage of capital equipment/material and outside services, received or placed in service, per year in the test period, will have been sourced from Canadian suppliers? Please explain.
 - a. What are the total forecast amounts received or placed in service per year in the forecast period.
- a) On a dollar basis, what percentage of OM&A spend for each equipment/material and services in the test year will have been sourced from Canadian suppliers?
 - a. What is the total forecast amount in the test year.

4-Staff-23

Compensation

Ref 1: Exhibit 4, pp. 73

Lakefront Utilities states that compensation levels for unionized employees are established through the collective agreement with CUPE Local 3839.

Question(s):

- a) Please indicate the term of the current collective agreement.
- b) For all years 2022 to 2027, please indicate the number of unionized FTEs
- c) For all years from 2022 to 2031 where a collective agreement was / is in force, please provide the annual adjustment to compensation, and when the adjustment takes effect.
- d) For any non-unionized non-management employees, please describe the approach to annual increases.

4-Staff-24**Corporate Cost Allocation****Ref 1: Exhibit 4, pp. 85-86**

Lakefront Utilities indicates that it pays Lakefront Utility Services Inc. for services without markup, profit allowance, or percentage-based surcharge. It indicates that resources dedicated to Lakefront Utilities, have been passed through at cost, while an allocation, assessed by KPMG is used for shared services.

Question(s):

- a) Please allocations used for the “Allocated Share of General Management Services”.
- b) For costs were Lakefront Utilities has both “Directly Benefiting” costs, and an “Allocated share of General Management Services” such as accounts 5615, and 5630, what steps have been taken to avoid a double count – e.g. Lakefront Utilities paying for a shared resource when it’s already served by and paying for a dedicated resource.

4-Staff-25**Other Post-Employment Benefits Cost (OPEB) Accounting Method****Ref. 1: Exhibit 4, August 12, 2026, p. 77****Ref. 2: EB-2015-0040, OEB report on Regulatory Treatment of Pension and Other Post-employment Benefits Costs, September 14, 2017****Ref. 3: 2027 DVA Continuity Schedule, Tab 2b****Ref. 4: EB-2021-0039, Exhibit 4, April 30, 2021, p. 37****Ref. 5: Exhibit 1, Appendices A - 3 years of Financial Statements**

In Reference 1, Lakefront Utilities states that “its post-retirement benefit obligations on a pay-as-you-go (cash) basis through retiree benefit premiums. The actuarially determined obligation is recorded for financial reporting purposes.”. Additionally, in

Table 33 of Reference 1, Lakefront Utilities outlines the historical and forecast retiree premium costs and the actuarially determined net benefit liability.

Table 33 – Post Retirement Costs

Item	2022 Historical	2023 Historical	2024 Historical	2025 Historical	2026 Bridge	2027 Test
Retiree premiums	16,139	16,862	17,689	15,043	15,495	15,960
RSM OPEB Net Benefit Liability as of Dec 31	415,543	467,349	447,861	427,088	413,643	NA

In Reference 4, Lakefront Utility confirms that accrual accounting method is used in rate setting for pension and OPEB amounts and there has been no change in the accounting method for pension and OPEB costs since Lakefront's last rebasing application.

Page 8 of Reference 2 states that,

...If the accrual accounting method is used, a variance account will be used to track the difference between the forecasted accrual amount in rates and actual cash payment(s) made. An asymmetric carrying charge sub-account in favour of ratepayers will be used.

In the 2027 DVA Continuity Schedule, OEB staff notes that there is nil amount reported in Account 1522, Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential account from 2021 to 2025.

Furthermore, in Reference 1, Lakefront Utilities confirms the most recent actuarial valuation of the post-retirement non-pension benefit plan prepared by RSM Canada Consulting LP is included as Appendix 4A. However, OEB staff notes that the actuarial report filed in Appendix 4A of the original Exhibit 4 submission has been removed from the August 12th version of the same exhibit.

Question(s):

- a) Please confirm whether the actuarial report as of December 31, 2023, prepared by RSM Canada Consulting LP and filed in Appendix 4A of the original Exhibit 4 submission, is also intended to be filed as part of the August 12 version of the same exhibit.
 - i. If not, please explain why the report was removed from the updated filing and provide a copy of a most recent actuarial valuation report of the post-retirement non-pension benefit.

- ii. Please explain why there is no updated actuarial valuation procured for the 2027 test year.
- b) Please confirm whether Lakefront Utilities continues using the accrual accounting method OPEB amounts in rate setting as approved in its 2022 Cost of Service.
 - i. If yes, please explain why there is no amount reported in Account 1522, Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential account from 2021 to 2025.
 - ii. If not, please provide sufficient supporting rationale and evidence for the change in reporting method and quantify the impact of the change.
- c) Please provide the forecasted OPEB net benefit liability for 2027.
 - i. Please provide a breakdown of the OPEB net benefit liability for 2026 and 2027 in the same format as the post-employment benefits disclosure presented in Note 4 of Lakefront Utilities' 2025 Audited Financial Statements.

4-Staff-26

OPEB

Ref. 1: Exhibit 4, p. 23

Ref. 2: APH, Article 220, p. 189

Ref. 3: Exhibit 1, Appendices A - 3 years of Financial Statements

In Reference 2, the OEB Accounting Procedure Handbook provides guidance for Account 5646, Employee Pensions and OPEB, which states that,

The cost of non-OMERS pension expense and OPEB expense as determined by IAS 19 *Employee Benefits* shall be recorded in this account. Sub-accounts should be used to record the components of the expense recognized during each period, for example current service cost, interest cost, expected return on plan assets, actuarial gains and losses and past service costs are reported in separate sub-accounts.

Table 7 in Reference 1 shows that, between 2022 and 2027, the only amount reported for Account 5645, Employee Pensions & OPEB, is a \$21,179 credit in 2025, while all other years are nil.

OEB staff has outlined the benefits paid amounts reported in Lakefront Utilities audited financial statements from 2022 to 2025 in the table below.

Audited Financial Statements	2022 (2023 Financial Statement, Note 14)	2023 (2023 Financial Statement, Note 14)	2024 (2024 Financial Statement, Note 4)	2025 (2025 Financial Statement, Note 4)
Benefits Paid	- \$ 65,014	- \$ 51,000	- \$ 48,501	- \$ 50,090

Question(s):

- a) Please explain why there is a one-time credit of \$21,179 recorded in 2025 between the periods of 2022 and 2026.
 - i. Please provide a breakdown of the \$21,179 credit.
 - ii. Please clarify why there is no forecasted non-OMERs pension expense and other post-employment retirement benefits (OPEBs) expenses in the bridge year 2026 or the test year 2027.
- b) Depending on the response to part b) of OEB Staff Interrogatory 4-staff-2,
 - i. If the cash method is adopted, please explain why the amounts reported in Account 5645, as presented in Table 7, do not align with the benefit payments reported in Lakefront's audited financial statements.
 - ii. If the accrual method is adopted, please explain how the components of the actuarially determined OPEB costs, including the current service cost, interest cost, expected return on plan assets, actuarial gains and losses and past service costs, is reflected in Account 5645.
- c) Please provide an updated Exhibit 4 and applicable appendices, if necessary.

Exhibit 5 – Cost of Capital

5-Staff-27

Debt Rate

Ref 1: Exhibit 5, PDF p. 7

Ref 2: Chapter 2 Appendix 2-OB

Ref 3: EB-2025-0303, Letter regarding 2026 Cost of Capital Parameters, October 31, 2025

In reference to the Promissory note with the Town of Cobourg, Lakefront Utilities states: "The promissory note was amended and restated in 2019 to reflect an interest rate consistent with OEB-approved parameters, with the rate to be updated at each approved cost of service proceeding."

The rate used for this debt in calculating the weighted average cost of capital is 3.49%.

OEB staff notes that the current Deemed Long Term Debt rate is 4.73%, with potential further updates through the course of this proceeding.

Question(s):

- a) Which rate is proposed for the Town of Cobourg debt?

5-Staff-28

Return on Equity

Ref 1: Exhibit 5, PDF p. 6

Question(s):

- a) Please provide the up to date 2026 forecast ROE.

Exhibit 6 – Revenue Requirement

6-Staff-29

Retail Service Charges

Ref 1: EB-2026-0175, [Decision and Order](#), June 16, 2026

On June 16, 2026, the OEB issued is Decision updating the retail service charges charged by rate-regulated electricity distributors, effective January 1, 2027.

Question(s):

- a) Please update Lakefront Utilities' retail service charges based on the OEB's Decision and Order.

6-Staff-30

Distribution Pole Attachment Charge

Ref 1: EB-2026-0176, [Decision and Order](#), June 16, 2026

On June 16, 2026, the OEB issued is Decision setting the distribution pole attachment charge to be charged by licensed electricity distributors at \$41.81 per attacher, per year, per pole, effective January 1, 2027.

Question(s):

- a) Please update Lakefront Utilities' distribution pole attachment charge based on the OEB's Decision and Order.

6-Staff-31**Other Revenues****Ref 1: Chapter 2, Appendix 2-H****Question(s):**

- a) Please provide an updated Appendix 2-H reflecting the most recent 2026 estimates.
- b) Please explain the methodology applied to the forecast amounts.
- c) Please explain the material changes to Other Income or Deductions.

6-Staff-32**Payments in Lieu of Taxes (PILs)****Ref. 1: Exhibit 6, Appendix 6A, 2025 Income Tax Return****Ref. 2: 2027 PILs Workform, Tab H0****Ref. 3: 2027 PILs Workform, Tab H8**

OEB staff notes reporting discrepancies between the 2025 income tax return filed and the corresponding amounts reported in the 2027 PILs Workform. The discrepancies are outlined in the table below.

2025 Historical Year	A. 2027 PILs Workform Historical Year Tabs	B. 2025 Tax Return	Variance (A-B)
Net Income for Tax Purpose	2,385,074	2,415,720	\$ 30,646
Taxable Income	782,244	825,919	\$ 43,675
Tax Payable	207,295	218,869	\$ 11,574
End of Year UCC	22,908,472	22,939,118	\$ 30,646

Question(s):

- a) Please confirm and explain the discrepancies observed by the OEB staff.
- b) Please provide an itemized reconciliation for the UCC ending balance as of December 31, 2025.

6-Staff-33**Accelerated Capital Cost Allowance (CCA)****Ref. 1: 2027 PILs Workform, Tabs B8 and T8****Ref. 2: Exhibit 6, Appendix 6A, 2025 Income Tax Return, Schedule 8 CCA****Ref. 3: OEB [Letter](#): Accounting and Rates Direction Regarding Bill C-15 for the Reaccelerated Investment Incentive for Capital Cost Allowance, May 6, 2026**

In 2026, Bill C-15, the Budget Implementation Act, 2025, No. 1, received Royal Assent. The Bill included a RII (i.e., accelerated CCA) for specific property acquired after 2024 and available for use before 2030, with an expected phase-out from 2030 to 2033.

In Reference 3, the OEB has provides direction regarding the reaccelerated investment incentive (RII) for CCA. The OEB expects distributors to continue to adhere to the OEB's July 25, 2019 accounting direction. Distributors shall continue to use Account 1592 - PILs and Tax Variances – CCA Changes to address the revenue requirement impacts of the RII and of any future CCA rule changes. The OEB also expects utilities taking the maximum deductions allowed under the RII, and utilities continue to have the option of proposing smoothing mechanism.

OEB staff notes that, in its 2025 income tax return, Lakefront Utility reported \$672,279 in Column 4 of Schedule 8 as the cost of acquisition that are All property or property acquired before 2025 that is included in Classes 54 to 56, and \$2,092,290 in Column 5 of Schedule 8 as the cost of acquisitions that are RII property or property acquired after 2024 that is included in Classes 54 to 56. However, OEB staff also notes neither the All property nor the RII property was reflected in the CCA calculation for the 2026 bridge year and 2027 test year, according to Reference 1. Instead, the legacy CAA half-year rule was applied in both years.

Question(s):

- a) Please confirm OEB staff's observations regarding the CCA calculation for 2026 bridge year and 2027 test year.
 - i. if confirmed, please explain in detail why the accelerated CCAs for the capital additions were not considered for the CCA calculation in 2026 and 2027 PILs.
- b) Please provide corrected 2027 PILs Workform reflecting the appropriate CCA rules in accordance with the accounting directions in accordance with the requirements outlined in the OEB letter issued in May 2026.
- c) Please clarify whether Lakefront Utilities has considered smoothing out the tax impacts over the five-year IRM term for the CCA changes. If not, why not? Otherwise, please provide a proposed tax smoothing method and compare the revenue requirement impacts with the PILs without smoothing adjustment.

Exhibit 7 – Cost Allocation

7-Staff-34

Load Profiles

Ref 1: Load Profile Model / Tab ALL_CP_NCP

The Cost Allocation Inputs in cells Sentinel and USL in Q9134:R9147 appear to be reversed from the source data in columns G and H. This appears to have lead to demand allocators in the cost allocation model being reversed between these two rate classes.

Question(s):

- a) Please confirm or correct OEB staff's observation, and correct models as appropriate.

7-Staff-35

Revenue to Cost

Ref 1: Exhibit 7, p. 25

The USL, Sentinel and Street Lighting rate classes are proposed to have revenue-to-cost ratios moved to the nearest boundary. In order to maintain revenue neutrality, it is proposed to reduce the revenue-to-cost ratio of the Residential class from 102.33% to 101.61%.

Question(s):

- a) Why was residential selected for a revenue-to-cost reduction when there are other rate classes with a higher revenue-to-cost ratio?
- b) As a scenario, please reduce the rate class with the highest revenue-to-cost ratio first until it either achieves revenue neutrality or reaches the revenue-to-cost ratio, whichever comes first. If necessary to achieve revenue neutrality, reduce the two rate classes with the highest revenue-to-cost ratio in tandem to achieve revenue neutrality.

Exhibit 8 – Rate Design

8-Staff-36

RTSRs

Ref 1: Exhibit 8, p. 12

Ref 2: RTSR Workform / Tab RRR Data

Lakefront utilities indicates that it does not have any identified EV charging facilities in its service territory. However, 100% of the GS 50-2,999 kW load is included both with the main rate class, and with the EV Charging specific load.

Question(s):

- a) Please adjust the RTSR model to remove the volume from the EV charging sub-class.

8-Staff-37

Specific Service Charges

Ref 1: Exhibit 8, p. 18

Lakefront Utilities states that Miscellaneous Service Charges were updated for inflation. OEB staff notes that the bulk of the Specific Service charges do not appear to be updated, nor are they normally updated.

Question(s):

- a) Please explain what was updated for inflation.

8-Staff-38

Loss Factor

Ref 1: Exhibit 8, p. 18

Ref 2: Decision and Order “Distribution Pole Attachment Charge for 2027”, June 16, 2026

Lakefront Utilities has proposed a pole attachment charge of \$42.09.

Question(s):

- a) Please update the pole attachment charge to \$41.81 per the decision and order.

8-Staff-39

Loss Factor

Ref 1: Exhibit 8, p. 13

Ref 2: EB-2025-0025, Decision and Rate Order, Dec 11 2025

Ref 3: EB-2021-0039, Chapter 2, Appendix 2-R

Lakefront Utilities calculated a proposed loss factor of 4.35% based on a supply facility loss factor of 3.4% and a distribution loss factor of 0.91%. It states that the proposed loss factor of 4.35% reflects a decrease from 7.86% approved. Lakefront Utilities attributes it to “lower average distribution system losses observed over the historical period”. However, the current tariff indicates a loss factor of 3.88%.

In Lakefront Utilities’ 2022 cost of service proceeding, it calculated a loss factor of 3.88% based on a supply facility loss factor of 0.34%, and a distribution loss factor of 3.53%

Question(s):

- a) Please provide the source of information for each row on the loss factor calculation, including which information is derived.
- b) Please provide a description of Lakefront Utilities’ connection points, including the proportion of energy received from each connection point, a description of the nature of Hydro One Distribution assets required including approximate distance travelled between the last transmission asset, and the wholesale meter used to measure Lakefront Utilities’ usage.

8-Staff-40

Bill Impacts

Ref 1: Exhibit 8, pp. 14-16

Question(s):

- a) Please provide the following bill impact scenarios:
 - i. A customer using 2,000 kWh per month in the legacy GS < 50 kW rate class.
 - ii. One customer in the USL rate class (Billing Determinant Applied to fixed charge = 1)
 - iii. One customer in the Sentinel rate class (Billing Determinant Applied to fixed charge = 1)
 - iv. One customer in the Street Lighting rate class (Billing Determinant Applied to fixed charge = 1)

- v. A customer using 3,000 kW per month in the legacy GS 3,000 to 4,999 kW rate class transitioning to the GS 50 to 4,999 kW rate class.

Exhibit 9 – Deferral and Variance Accounts

9-Staff-41

Ref. 1: Chapter 3 Filing Requirements for Electricity Distributors, July 14, 2026 / Section 3.2.3.6 Disposition of Account 1595

Ref. 2: Exhibit 9, Table 2 p.7

Ref. 3: EB-2021-0039 Decision and Order, October 28, 2021 / p.3

Ref. 4: EB-2022-0046 Decision and Order, December 8, 2022 / p.9

Per Chapter 3 of the Filing Guidelines, distributors are expected to request disposition of residual balances in Account 1595 sub-accounts for each vintage year only once, on a final basis. Distributors only become eligible to seek disposition of these residual balances two years after the expiry of the rate rider.

The eligibility criteria for disposition of Account 1595 sub-accounts depends on the distributor's rate year. For example: For January 1 rate year – If 2023 rate riders expire the same year which is on December 31, 2023, the balance of sub-account 1595 (2023) is eligible to be disposed after the account balance as of December 31, 2025, which is two years after the rate riders' expiration, has been audited. Therefore, sub account 1595 (2023) would be eligible for disposition in the 2027 rate year.

Per Exhibit 9, Lakefront notes the disposition status of Account 1595 as follows:

Table 2 – Disposition Status of Account 1595

Rate Year	Fisc Yr	Disposition Period	Sunset Reached	Audit Year	Plus 2 Years	Eligible
2022	2021	2 yr	2024	2025	2027	2028
2023	2022	1 yr	2023	2024	2026	2028
2024	2023	1 yr	2024	2025	2027	2029
2025	2024	1 yr	2025	2026	2028	2030
2026	2025	1 yr	2026	2027	2029	2031

Question:

- a) OEB staff has recomputed the disposition status of Account 1595 as per the Chapter 3 Filing Requirements in the following table:

Rate Year	Fiscal Year	Disposition Period (yrs)	Sunset Reached	Plus 2 years	Eligible
2022	2021	2	2023	2025	2027
2023	2022	1	2023	2025	2027
2024	2023	1	2024	2026	2028
2025	2024	1	2025	2027	2029
2026	2025	1	2026	2028	2030

Please confirm whether Lakefront agrees with the revised disposition status of Account 1595 as per the above table. If not, please explain why not.

- b) Please explain why Lakefront believes it is not eligible to request disposition of Account 1595 (2022) and Account 1595 (2023) in 2027? Please update the applicable evidence as needed.

9-Staff-42

Ref. 1: DVA Continuity Schedule 20260626

Ref. 2: EB-2021-0039 Decision and Order, October 28, 2021 / p.3

Ref. 3: EB-2021-0039 DVA Continuity Schedule, Tab 2b

Per the EB-2021-0039 Decision and Order and 2022 DVA continuity schedule, the OEB approved disposition of Group 2 account balances as of December 31, 2020, over 2 years including the following accounts:

Account	Principal	Interest
1508 (pole attachment revenue variance)	-\$171,277	-\$613
1508 (customer choice initiative cost)	\$19,300	\$107
1508 (other regulatory asset)	\$504	-\$333
1508 (cost assessment – over board-approved)	\$76,962	\$2,339
1518 (RCVA – retail)	\$15,151	-\$1,024
1548 (RCVA – STR)	\$23,734	-\$3,598

Questions:

- a) Please explain why the signs for OEB approved dispositions during 2022 captured in column AA of the 2027 DVA continuity schedule, is the opposite sign of the balances approved for disposition (noted in the table above) for the aforementioned accounts per the EB-2021-0039 Decision and Order and 2022 DVA continuity schedule.
- b) Please explain why the transactions during 2022 (captured in column Z of the 2027 DVA continuity schedule) is double the amount of the OEB approved principal disposition balance recorded under column AA.

- c) For the aforementioned accounts, please reconcile how the OEB approved interest disposition during 2022 was captured in the current DVA continuity schedule. The amounts appear to vary from the balances noted in column AF of the 2027 DVA continuity schedule.
- d) Please update the evidence as applicable.

9-Staff-43

Ref. 1: Exhibit 9, Table 4 p.9

Ref. 2: EB-2021-0183 Accounting Order for the Establishment of a Deferral Account to Record Impacts Arising from Implementing the Green Button Initiative, November 1, 2021

Per Ref. 2, the OEB approved the establishment of a generic deferral account for rate regulated distributors to record the incremental costs directly attributable to the **implementation** of the Green Button initiative, in a manner that accords with the requirements set out in the Green Button Regulation.

The Accounting Order states that “the OEB will assess any claimed costs recorded in the sub-account at the time the sub-account is requested for disposition, subject to the causation, materiality and prudence criteria.”

Per Exhibit 9, Lakefront provided a cost breakdown for Green Button:

Table 4 – Green Button Implementation Costs

Green Button Cost Category	Amount (\$)
Initial implementation, configuration and deployment activities	60,444
Software support and maintenance	15,000
Additional implementation-related costs and adjustments	14,369
Total Green Button Costs Recorded in Account 1508	89,813

Questions:

- a) Please provide more details as to the nature and make up of the \$15,000 in “software support and maintenance” costs. Please clarify why Lakefront believes these costs fall into the classification of implementation costs for Green Button.
- b) Please provide details on how Lakefront has met the causation, materiality and prudence criteria for the claimed costs recorded in the Green Button subaccount requested for disposition.

9-Staff-44**Account 1589****Ref. 1: 2027 DVA Continuity Schedule, Tab 2a****Ref. 2: 2027 Commodity Accounts Analysis Workform**

OEB staff notes a reporting discrepancy in the 2027 DVA Continuity Schedule and 2027 Commodity Accounts Analysis Workform related to the 2025 transaction amount in Account 1589. The discrepancy is outlined in the table below.

Account 1589	2025 Transaction
A. Ref. 1: Tab 2a, Cell BD32	- 213,352
B. Ref. 2: Tab GA2025, Cell C75	- 241,663
Variance (A-B)	28,311

Question(s):

- a) Please confirm the reporting discrepancy observed by the OEB staff.
 - i. Please explain the discrepancy.
 - ii. Please update the 2027 DVA Continuity Schedule, if applicable.

9-Staff-45**Account 1592, CCA Changes****Ref. 1: EB-2021-0039, Draft Rate Order, 2022 Income Tax PILs Workform, November 18, 2021****Ref. 2: Accelerated Depreciation DVA Account Support excel, June 26, 2026****Ref. 3: 2027 Chapter 2 Appendices, Tab 2BA****Ref. 4: 2027 DVA Continuity Schedule. Tab 2b****Ref. 5: EB-2021-0039, Settlement Proposal, 2022 DVA Continuity Schedule, Tab 2b, October 22, 2021**

OEB staff notes that the total All additions for 2021 reported in Tab “YE 2025 1592 adjustment” of Reference 2 are \$2,078,778, while the total 2021 All additions reported in Tab B8 of Reference 1 are \$1,562,500 for the same year.

OEB staff also notes that the total 2024 All additions reported in Tab “YE 2025 1592 adjustment” of Reference 2 are \$2,211,403, while the total additions reported in Reference 3 are \$2,222,203 for 2024.

In Tab “YE 2025 1592 adjustment” of Reference 2, Lakefront Utilities outlined the annual GL additions to its subaccount 1592, PILs CCA from 2022 to 2025. A lump sum debit adjustment of \$184,167.11 was recorded in 2025 to correct the closing balance to

a credit balance of \$20,869.56, reflecting the total CCA variance from 2021 and 2024. Below is the GL transaction table provided by Lakefront Utilities in Reference 2.

PILS & tax savings - GL 02-100-1592-0000					
Year	Opening Balance	Additions	Disposition	Adjustment	Closing Balance
2022	(101,605.60)	(56,181.92)	101,606.00		(56,181.52)
2023	(56,181.52)	(99,461.38)			(155,642.90)
2024	(155,642.90)	(99,999.98)			(255,642.88)
2025	(255,642.88)	50,606.21		184,167.11	(20,869.56)
				check	\$ -

OEB staff has summarized the Account 1508, CCA Changes transactions, as reported in the 2027 DVA Continuity Schedule, in the table below. OEB staff also notes a discrepancy between the 2022 opening balance and the previously approved 2021 closing balance.

Summary of Account 1508, CCA Changes Transactions

Year	Reference 5	Reference 4					Reporting Variance between the 2022 COS and 2027 DVA Continuity Schedule (B-A)
	A. 2021 Closing Balance as Reported in Ref. 5	B. Opening Balance	Transactions	Approved Dispositions	Principal Adjustments	Closing Balance	
2021	- 101,606						
2022		-	- 45,520		- 101,606	- 147,126	101,606
2023		- 147,126		- 101,606		- 45,520	
2024		- 45,520	-			- 45,520	
2025		- 45,520	24,650		-	- 20,870	

OEB staff further notes that, while the closing balance reported in the 2027 DVA Continuity Schedule reconciles with the GL schedule provided in Reference 5 for the CCA Changes subaccount, the yearly transactions and adjustments reported in these two schedules are not consistent.

Question(s):

- a) Please confirm the CCA difference calculation for 2021 is driven by the difference between the All property additions reported in actual 2021 tax return and the previously approved 2021 All property additions.
 - i. If confirmed, please provide a similar annual CCA difference calculation for 2022 and 2023.
- b) Please reconcile the difference between the All property additions and the total PP&E additions in 2024 observed by the OEB staff.
 - i. Please confirm whether the calculated CCA difference for 2024 is mainly driven by the phased-out All rate claimed in the 2024 tax return compared to the previously approved full All rate embedded in rates.

- ii. If confirmed, please provide the similar annual CCA difference calculation for 2025.
- c) Please explain why Lakefront Utilities sought a true-up of the CCA differences for 2021 and 2024 only, but not for the years 2022, 2023, and 2025.
 - i. Please provide an updated supporting CCA difference schedule including the true-up of the CCA difference calculations from 2021 to 2025.
- d) Please explain why the total debit adjustment of \$184,167.11 related the 2022 to 2025 CCA variances was booked in 2025 instead of the applicable years.
- e) Please confirm the Summary of Account 1508, CCA Changes Transactions table provided by the OEB for the transactions reported in the 2027 DVA Continuity Schedule for Account 1508, CCA Changes.
 - i. Please explain the discrepancy of \$101,606 identified by the OEB staff between the 2021 closing balance and the 2022 opening balance.
- f) Please provide an updated 2027 DVA Continuity Schedule reflecting any changes to Account 1592, CCA Changes.

9-Staff-46

Management Fee Refund Variance Account

Ref. 1: Exhibit 9, Section 9.2.9, pp. 21-22

Ref. 2: Exhibit 9, Appendix 9A: Accounting Order, p. 27

Ref. 3: Exhibit 4, Section 4.4, pp. 79

Ref. 4: 2027 DVA Continuity Schedule, Tab 2b

Ref. 5: OEB letter “Adjustments to Correct for Errors in Electricity Distributor “Pass-Through” Variance Accounts After Disposition” October 31, 2019 (OEB’s retroactivity letter)

Ref. 6: Chapter 2 Filing Requirements for Electricity Distribution Rate Applications – 2026 Edition for 2027 Rate Applications, December 16, 2025, pp. 72-73

In Reference 1, Lakefront Utilities proposes to refund the customer impact associated with the historical management fee of \$995,813 plus carrying charges of \$115,911 through a 4-year declining rider.

The proposed refund reflects the historical management fee embedded in previously approved distribution rates, as outlined in Table 34 of Reference 3.

Period	Methodology	Amount (\$)
2017 Cost of Service	Management fee identified within approved revenue requirement	85,194
2018-2021 IRM Period	2017 amount escalated using approved annual IRM adjustment factors	338,023
2022 Cost of Service	Management fee identified within approved revenue requirement	102,954
2023-2026 IRM Period	2022 amount escalated using approved annual IRM adjustment factors	469,642
Total Estimated Management Fee Embedded in Rates		995,813
Carrying Charges	Calculated to December 31, 2026	155,911
Total Estimated Customer Impact		1,151,724

A draft accounting order is provided in Reference 2, stating that a new Group 2 account: the Management Fee Refund Variance Account under Account 1508, is proposed in this application for the purpose of recording customer refund arising from the review of historical affiliate management fee charges. The proposed effective date for this account is January 1, 2027.

Lakefront Utilities further provided a disposition schedule in Table 17 of Reference 1.

Table 17 – Proposed Management Fee Refund Disposition

Year	%	Principal	Carrying Charges	Total Refund
Year 1	35%	\$348,534	\$54,569	\$403,103
Year 2	30%	\$298,744	\$46,773	\$345,517
Year 3	20%	\$199,163	\$31,182	\$230,345
Year 4	15%	\$149,372	\$23,387	\$172,759
Total	100%	\$995,813	\$155,911	\$1,151,724

OEB staff notes that the total claim amount of a credit 403,103 for Account 1508, Management Fee Refund, reported in the 2027 DVA Continuity Schedule, reflects only the Year 1 principal amount and carrying charges outlined in the disposition schedule shown in the table above.

In Ref. 4, the OEB's retroactivity letter states that "Where an accounting or other error is discovered after the balance in one of the above-listed variance accounts has been cleared by a final order of the OEB, the OEB will determine on a case-by-case basis

whether to make a retroactive adjustment based on the particular circumstances of each case, including factors such as:

- whether the error was within the control of the distributor
- the frequency with which the distributor has made the same error
- failure to follow guidance provided by the OEB
- the degree to which other distributors are making similar errors

Question(s):

- a) Please explain when Lakefront Utilities became aware of this management fee issue.
- b) Please confirm that the proposed refunding of the management fees back to 2017 constitute rates retroactivity.
 - i. if confirmed, please provide comments based on the four factors outlined in the 2019 OEB's retroactivity letter (Reference 5).
 - ii. if not confirmed, please explain why not.
- c) Please provide a revised continuity schedule for Account 1508, Management Fee Refund, including:
 - i. The appropriate amounts recorded in the respective years, consistent with the amounts and period outlined in Table 34 of Reference 3.
 - ii. The total claim amount includes a closing principal amount of a credit balance of \$995,813 and updated carrying charges,
 - iii. A proposed disposition period of 48 months for the rate rider calculation
- d) Please comment on the three eligibility criteria for the establishment of a new DVA as outlined in Section 2.9.2 of Reference 3.
- e) Please provide an updated draft accounting order including examples of journal entries.

9-Staff-47

MS28-3 Substation ICM Accounts

Ref. 1: Exhibit 9, p. 11 and pp. 21-22

Ref. 2: EB-2024-0038, Decision and Order, March 27, 2025

Ref. 3: 2027 Lakefront Utilities DVA Continuity Schedule, Tab 2b

Ref. 4: OEB Accounting Procedures Handbook March 2015 Guidance, #13, 14

Ref. 5: EB-2024-0038 Decision

Page 11 of Reference 2 the OEB stated

...the OEB is basing its 50% approval on the revised maximum eligible incremental capital calculated by OEB staff as \$2,117,497, with a resulting annual revenue requirement impact of \$142,837. The remaining portion of the funding request will be tracked in a deferral account, with recovery contingent upon the utility's satisfactory completion of specific undertakings that must be included in the utility's next rebasing application.

The amount OEB staff expected to be contained in account 1508 ICM MS28-3 Substation Expenditure is 50% of \$142,837 (71,418.50) for each of 2025 and 2026, for a total of \$142,83,7 plus carrying charges.

Additionally, the Accounting Order attached to the Decision and order (Reference 2) states that the approved 50% portion of the revenue requirement impact associated with the maximum eligible incremental capital of \$2,117,497 should be recorded in accordance with the OEB's ICM accounting procedures. The draft account order further outlines the mechanics of the new deferral account and its six subaccounts, effective May 1, 2025, for the remaining unapproved 50% portion, along with sample journal entries.

Sections 13 and 14 of Reference 4 provides accounting guidance for Advanced Capital Module and Incremental Capital Module. It states that Account 1508, Sub-account Incremental Capital Expenditures Rate Rider Revenues account shall record amounts including "the actual rate rider revenues collected in relation to the Board-approved rate riders determined for the ACM/ICM projects". The guidance further states that the balances in the ACM/ICM accounts are expected to have zero balances following their approved disposition after the approved disposition.

Schedule A of Reference 2 contains the approved ACM/ICM Capital Module. The approved 50% portion of the revenue requirement is calculated as shown below.

Incremental Revenue Requirement			
Return on Rate Base - Total	Q	\$	57,047
Amortization Expense - Total	S	\$	23,397
Grossed-Up Taxes/PILs	Z	-\$	9,026
Incremental Revenue Requirement		\$	71,418

The OEB approves that the ICM rate riders set out in Schedule A of Reference 2 be effective May 1, 2025, and the accounting order be effective May 1, 2025.

In Reference 3, OEB staff notes Lakefront Utilities recorded a project cost of \$2,535,311 in 2023 and an additional cost of \$61,772 in 2024 under ICM MS28-3 Substation Expenditure subaccount. These costs differ from the approved maximum eligible incremental capital cost of \$2,117,497 as approved in Reference 2. Furthermore, OEB staff has summarized the 2025 closing principal balances adjusted for dispositions during 2026 reported in the 2027 DVA Continuity Schedule for the ICM MS28-3 associated accounts in the table below.

1508 Subaccounts	Closing Principal Balance as of Jan-1-25	Transactions during 2025	Principal Adjustments during 2025	Closing Principal Balance as of Dec-31-25	Principal Disposition during 2026	Closing Principal Balances as of Dec 31-25 Adjusted for Dispositions during 2026
ICM Rate Rider	\$ -	-\$ 50,044	-\$ 71,418	-\$ 121,462	-\$ 121,462	\$ -
ICM Depreciation	\$ 84,685	\$ 57,318	\$ 57,318	\$ 199,321	\$ 199,321	\$ -
ICM Accumulated Depreciation	-\$ 84,685	-\$ 57,318	-\$ 57,318	-\$ 199,321	-\$ 199,321	\$ -
ICM MS28-3 Substation Expenditur	\$ 2,597,083	\$ -	\$ -	\$ 2,597,083	\$ 2,597,083	\$ -
Deferred Funding Request	\$ -	\$ 50,044	\$ 71,418	\$ 121,462		\$ 121,462

Question(s):

- a) Lakefront Utilities has included the depreciation associated with the additional \$61,772 spent in 2024 as part of the calculations for the principal amount in the DVA even though this amount was not included in the ICM approval. Please explain.
- b) Please provide a version of the DVA Continuity Schedule which excludes the addition of \$61,772 in 2024.
- c) Please explain why a total cost of \$2,597,083 is recorded as the substation capital expenditure in Account 1508 sub-account MS28-3 Substation expenditures instead of 50% of the approved capital expenditure amount of \$2,117,497 as directed in the accounting order (Schedule B of Reference 2).
- d) Please explain why a credit amount of \$121,462 is reported in Account 1508, ICM Rate Rider for 2025 while the approved ICM revenue is \$71,418.
 - i. Please clarify and provide a monthly breakdown of the actual ICM rate revenue collected through the approved ICM Rate Rider in the 2025 IRM application.
- e) Please elaborate on how the 2025 transactions totaling \$50,044 and the principal adjustments totaling \$71,418 reported in Account 1508, Deferred Funding Request, are reflected in the sub-accounts established under the MS28-3 Substation Deferral Accounts, as approved in Lakefront Utilities' 2025 IRM application (Schedule B of Reference 2).
 - i. Please provide a breakdown of the amounts reported in each of the six sub-accounts established under Account 1508, MS28-3 Substation Deferral Account.
- f) Please comment on why the closing principal balances as of December 31, 2025, for the ICM Rate Rider, ICM Depreciation, ICM Accumulated Depreciation and ICM MS28-3 Substation Expenditures account, are reduced to zero by the principal disposition during 2026 amounts reported in Reference 3.
 - i. Please confirm whether Lakefront is seeking OEB's approval for the disposition of these accounts.

- ii. If yes, please provide an updated DVA Continuity Schedule reflecting the appropriate proposed disposition balances in these accounts.
 - iii. If not, please explain why not.
- g) Please provide a detailed annual CCA continuity schedule for 50% of the MS28-3 substation approved project cost.
 - i. Please confirm whether the impact of the CCA associated with the approved substation cost is reflected in Account 1592, CCA changes balance for disposition.
 - ii. If not, please explain why not.